

In the Matter of)	No. G 98 - 8
)	
The Financial Examination of)	FINDINGS, CONCLUSIONS,
UNIGARD SECURITY INSURANCE)	AND ORDER ADOPTING REPORT
COMPANY,)	OF EXAMINATION
A Domestic Stock Insurer.		

BACKGROUND

An examination of the financial condition of **UNIGARD SECURITY INSURANCE COMPANY** (the Company) as of December 31, 1995, was conducted by examiners of the Washington state Office of the Insurance Commissioner (OIC). The Company holds a Washington certificate of authority as a stock insurer. This examination was conducted in compliance with the laws and regulations of the state of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the OIC.

The examination report with the findings and comments and recommendations was transmitted to the Company for its comments on October 10, 1997.

The Commissioner or a designee has considered the report, the relevant portions of the examiner's work papers, and submissions by the Company.

Subject to the right of the Company to demand a hearing pursuant to Chapters 48.04 and 34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

FINDINGS

Findings in Examination Report. The Commissioner adopts as findings the findings of the examiners as contained in pages 2 through 15 of the report.

CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the financial examination of **UNIGARD SECURITY INSURANCE COMPANY** and to order the company to take the actions described in the Instructions and

Recommendations sections of the report. The instructions and recommendations in the report are appropriate responses to the matters found in the examination.

ORDER

The examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

The Company is ordered as follows, this being the Comments and Recommendations contained in the examination report on page 2:

1. The Company is instructed to hold its shareholders' meeting in the first four months of the year as required by RCW 48.07.040 as noted in the Instruction of the examination report.
2. It is recommended that the Company formalize its cost sharing agreement with John Hancock Management Company, as noted in Recommendation (1) of the examination report.
3. It is recommended that the Company negotiate a custodial agreement with John Hancock Mutual Life Insurance Company for the safekeeping of those bonds kept in the John Hancock Mutual Life Insurance Company vault in Boston, as noted in Recommendation (2) of the examination report.
4. It is recommended that the Company's Board of Directors review completed Conflict of Interest statements submitted by directors, officers, and key employees, as noted in Recommendation (3) of the examination report.

ENTERED at Lacey, Washington, this 27th day of January, 1998.

DEBORAH SENN
Insurance Commissioner

By:

JAMES T. ODIORNE, CPA, JD
Deputy Insurance Commissioner
Company Supervision Division